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LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

FAMILY VALUES RESOURCE INSTITUTE, INC.

**FINANCIAL STATEMENTS AND ACCOMPANYING
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2013

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LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Family Values Resource Institute, Inc.

We have audited the accompanying financial statements of Family Values Resource Institute, Inc. (FVRI) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation from the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Continued,

Basis for Qualified Opinion

The Organization did not engage an independent audit for the prior year and did not have adequate support for ending balances for the statement of financial position which included net asset beginning balances recorded at \$465,920. We were unable to obtain sufficient appropriate audit evidence about the beginning financial position balances and their corresponding effect on the statement of cashflows. Consequently, we were unable to form an opinion if the statement of cashflows is fairly stated. We are also unable to form an opinion of fixed assets (net) recorded at \$361,534 as of December 31, 2013 is fairly stated.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Family Values Resource Institute, Inc. as of December 31, 2013, and the changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Luther Speight & Co".

Luther Speight & Company CPAs

Baton Rouge, Louisiana
September 23, 2014

Family Values Resource Institute, Inc.
Statement of Financial Position
For The Year Ended December 31, 2013

ASSETS

Cash	\$ 104,901
Deposits	969
Grants Receivable	57,877
Fixed Assets (Net)	<u>361,534</u>

TOTAL ASSETS	\$ <u>525,281</u>
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LIABILITIES AND NET ASSETS

Liabilities:

Accounts Payable and Accrued Expenses	\$ 46,635
Payroll Withholdings Payable	6,246
Salaries Payable	5,670
Notes Payable	36,667
Other Accrued Expenses	24
Total Liabilities	<u>95,242</u>

Net Assets:

Invested in Fixed Assets	361,534
Unrestricted Net Assets	<u>68,505</u>
Total Net Assets	<u>430,039</u>

TOTAL LIABILITIES AND NET ASSETS	\$ <u>525,281</u>
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The accompanying footnotes are an integral part of the financial statements.

Family Values Resource Institute, Inc.
Statement of Activities
For The Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grant Income	\$ -	\$ 661,080	\$ 661,080
Program Income	17,217	-	17,217
Contribution Income	127,905	-	127,905
Rental Income	20,999	-	20,999
Fundraising Income, net of Direct Expenses \$14,720	2,156	-	2,156
Other Income	718	-	718
Restrictions:			
Assets released from restrictions	661,080	(661,080)	-
TOTAL REVENUE AND SUPPORT	830,075	-	830,075
EXPENSES			
Program Expenses	413,957	-	413,957
Salaries	317,202	-	317,202
Depreciation	27,559	-	27,559
Contract Expenses	11,362	-	11,362
Professional Services	13,204	-	13,204
Occupancy Expenses	10,842	-	10,842
Insurance	9,547	-	9,547
Communications	8,503	-	8,503
Maintenance & Repairs	8,206	-	8,206
Pre-Natal Supplies	6,897	-	6,897
Supplies	6,130	-	6,130
Rescue and Restore	5,016	-	5,016
Equipment Rental & Maintenance	4,409	-	4,409
Travel	3,682	-	3,682
Janitorial	3,000	-	3,000
Donations	2,990	-	2,990
Benevolence	2,075	-	2,075
Bank Fees	1,694	-	1,694
Advertising	1,541	-	1,541
Postage	1,423	-	1,423
Earn While You Learn	1,314	-	1,314
Printing & Copying	1,159	-	1,159
Fees & Taxes	350	-	350
Meals and Meetings	122	-	122
Miscellaneous Expenses	3,772	-	3,772
TOTAL EXPENSES	865,956	-	865,956
CHANGE IN NET ASSETS	(35,881)	-	(35,881)
NET ASSETS			
Beginning of the Year	465,920	-	465,920
End of the Year	<u>\$ 430,039</u>	<u>\$ -</u>	<u>\$ 430,039</u>

The accompanying footnotes are an integral part of the financial statements.

Family Values Resource Institute, Inc.
Statement of Cash Flows
For The Year Ended December 31, 2013

Cash Flows from Operating Activities:	
Change in Net Assets	\$ <u>(35,881)</u>
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided from Operations:	
Depreciation	27,559
Increase in Receivables	(57,876)
Increase in Accrued Expenses	46,635
Increase in Other Liabilities	<u>(9,733)</u>
Total Adjustments	<u>6,585</u>
Net Cash Provided/(Used) by Operating Activities	(29,296)
Cash Flows from Investing Activities:	
	<u>-</u>
Net Cash Provided/(Used) by Investing Activities	-
Cash Flows from Financing Activities	
	<u>-</u>
Net Cash Flows Provided/(Used) by Financing Activities	-
Net Decrease in Cash	(29,296)
Cash at Beginning of Year	<u>134,197</u>
Cash at End of Year	<u>\$ <u>104,901</u></u>

The accompanying footnotes are an integral part of the financial statements.

Family Values Resource Institute, Inc.
Baton Rouge, Louisiana
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 1- BACKGROUND AND NATURE OF ACTIVITIES

BACKGROUND

Family Values Resource Institute, Inc. (FVRI) was established in 1992 as a non-profit organization located in East Baton Rouge Parish of Louisiana providing services to primarily women and teens. The center is positioned in an urban part of the city, known as Scotlandville, blocks away from Southern University. FVRI serves communities like Brownsfields, Baker, and Zachary to the North; Port Allen, Plaquemine and Brusly to the Southwest; and New Roads, Levonia and Maringuoin to the West.

FVRI has continued to expand available services to provide other needs. They have collaborated with many community and faith-based organizations over the past 22 years, which has enabled and encouraged the expansion of services. In 2005, FVRI birthed the Women's Help Center to encompass a broad spectrum of services to an otherwise underserved population in the community. They continue to expand available services to include the Technology and Career Development Center – teaching GED and literacy education; The Youth Character Education and Development Center – preparing participants to educationally, emotionally and socially succeed in life; and the Personal Empowerment Center – promoting health and wellness through personal group counseling.

Today Family Values Resource Institute, Inc. continues to grow, establishing The Technology and Career Development Center, The Organization employs an Executive Director, Clinic Director, Admin Assistant, GED Instructor and Assistant, Character Education Program Coordinator and Teachers, Parenting Education Teachers, Fatherhood Program Instructor, a Data Entry Clerk, Transportation Driver, and a Social Worker. Together the FVRI team administers services to over 2,000 men, women, teens and children per year. The goal for each program participant is to develop employable skills, increase the education opportunities, self-esteem, self-reliance and ultimately changing lives.

Women's Help Center

Established in 2005 as a part of FVRI, the Women's Help Center provides crisis intervention counseling, pregnancy testing and confirmation, prenatal and parenting education classes, formula, diapers and other baby items. Also provided are ultrasound and routine exams and STD/HIV testing. Women can now receive early detection of pregnancy and be encouraged to obtain early prenatal care. The Center participates as a subcontractor in the Alternatives to Abortion grant program administered by the Family Values Resource Institute, Inc.

Family Values Resource Institute, Inc.
Baton Rouge, Louisiana
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Accounting

The Organization's financial statements are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Basis of Reporting

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, the Organization classifies resources for accounting and reporting purposes into three net asset categories which are unrestricted, temporarily restricted, and permanently restricted net assets according to external (donor) imposed restrictions. A description of these three net asset categories is as follows:

- Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Organization are included in this category. The Organization has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Organization and therefore, their policy is to record those net assets as unrestricted.
- Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor-imposed restrictions have not been met.
- Permanently restricted net assets are contributions, which are required by the donor-imposed restriction to be invested in perpetuity and only the income, be made available for program operations in accordance with donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions.

At December 31, 2013, the Organization did not have any permanently restricted net assets.

Family Values Resource Institute, Inc.
Baton Rouge, Louisiana
Notes to the Financial Statements
For The Year Ended December 31, 2013

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Economic Dependency

Family Values Resource Institute, Inc. received a substantial portion of its funding through federal funding from pass-through grants from the State of Louisiana. The Organization's continuance is highly dependent upon continued funding from these sources.

Income Tax Status

Family Values Resource Institute, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

NOTE 3 – FUNDRAISING REVENUE

Family Values Resource Institute, Inc. participates in an annual fundraising activities. The gross revenues raised from the activities totaled \$16,876 while expenses were \$14,720 resulting in net fundraising revenue of \$2,156.

Family Values Resource Institute, Inc.
Baton Rouge, Louisiana
Notes to the Financial Statements
For The Year Ended December 31, 2013

NOTE 4 - FURNITURE AND EQUIPMENT

All acquisitions of property and equipment in excess of \$500.00 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture	5 years
Office equipment	3 years

Buildings	369,000
Equipment and Furniture	113,010
Vehicles	7,500
Less: Accumulated Depreciation	<u>(127,976)</u>
	<u>\$ 361,534</u>

The depreciation expense recorded for the year ended December 31, 2013 totaled \$27,559.

NOTE 5 - SUBSEQUENT EVENTS

Events through September 30, 2014 which is the date this report was available for issuance have been evaluated. There were no matters requiring disclosure.

NOTE 6 - NOTE PAYABLE

Family Values Resource Institute, Inc. currently has an outstanding note payable. The outstanding balance of the notes payable as of the year ended December 31, 2013 totaled \$36,667. Information regarding future amortizations of the note were not available.



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Family Values Resource Institute, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Values Resource Institute, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013; and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Values Resource Institute (FVRI)'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FVRI's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. Finding No. 2013-02.

Continued,

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. Findings No. 2013-01, 2013-03 and 2013-04.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether FVRI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

FVRI's Response to Findings

FVRI's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Luther Speight & Company CPAs

New Orleans, Louisiana

September 23, 2014



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Family Values Resource Institute, Inc.

Report on Compliance for Each Major Federal Program

We have audited Family Values Resource Institute, Inc. (FVRI)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of FVRI's major federal programs for the year ended December 31, 2013. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of FVRI's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Continued,

Opinion on Each Major Federal Program

In our opinion, FVRI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. FVRI's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of FVRI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of FVRI's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Continued,

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Luther Speight & Co.", written in a cursive style.

Luther Speight & Company CPAs

New Orleans, Louisiana

September 23, 2014

Family Values Resource Institute, Inc.
Baton Rouge, Louisiana
Notes to the Schedule of Expenditure of Federal Awards
For The Year Ended December 31, 2013

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) has been prepared on the accrual basis of accounting. The purpose of the schedule is to present a summary of those activities conducted by the Family Values Resource Institute for the year ended December 31, 2013, which have been financed by the U.S Government (federal awards).

Family Values Resource, Inc.
Baton Rouge, Louisiana
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2013

<u>Grantor/State Pass-through/ Program name Location of Project</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Department of Health and Human Services	93.558	
State of Louisiana Department of Children and Family Services		
Temporary Aid to Needy Families (TANF)		\$ 661,080
Total Federal Assistance		<u>\$ 661,080</u>

The accompanying note is an integral part of this financial statement.

Family Values Resource Institute, Inc.
Baton Rouge, Louisiana
For The Year Ended December 31, 2013
Section I – Summary of Auditor's Results

Financial Statements:

An unqualified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weakness(es) identified? ☒ yes no
Significant deficiency(s) identified
not considered to be material weaknesses? ☒ yes no

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no
Significant deficiency(s) identified
not considered to be material weaknesses? ☐ yes ☒ no

Any audit findings disclosed that are required to be
Reported in accordance with Circular
A-133, Section 510(a)? ☐ yes ☒ no

Major programs identified:

1. Temporary Aid to Needy Families (TANF) – CFDA No. 93.558

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee does not qualify as a low-risk auditee.

Family Values Resource Institute, Inc.
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2013

**FINDING NO. 2013-01: FINANCIAL STATEMENTS REQUIRED NUMEROUS
ADJUSTMENTS**

CONDITION:

The financial statements and underlying general ledgers for the Organization included numerous journal entries and transaction entries that required accounting adjustment. We noted the balances for grant receivables, accounts payables and other liabilities required adjustment. We also noted that certain cash transfers between bank accounts were recorded as grant revenue. Accounting adjustments were made as part of the audit to properly present the financial statement balances and to correct mis-postings.

CRITERIA:

Generally accepted accounting principles and grant accounting standards require that the grantee's books and records properly reflect transactions and financial activities.

CAUSE:

The Organization's accounting staff was not fully aware of the accrual accounting standards and procedures.

EFFECT:

The Organization's initial financial statements were not prepared accordance with grant requirements.

RECOMMENDATION:

We recommend that the Organization's accounting staff enhance their general accounting procedures and technical proficiency. The procedures should include a management review of the monthly statements to assure completeness and accuracy.

MANAGEMENT'S RESPONSE:

We agree with the auditor's recommendation. Management will provide technical training for the Agency's accounting staff. We will obtain additional technical support if required to assure our financial reporting is enhanced.

Family Values Resource Institute, Inc.
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2013

FINDING NO: 2013-02: FIXED ASSETS NOT ADEQUATELY DOCUMENTED

CONDITION:

The fixed asset records for the Organization were not complete. The records did not include historical cost of all assets acquired. In addition, certain buildings and land were donated to the Organization in prior years, but the amounts recorded per general ledger did not reflect the documented fair value at date of donation.

We also noted that the general ledgers and financial statements did not include depreciation expense for the fixed assets.

CRITERIA:

Generally accepted accounting principles require donated assets be recorded at their respective fair value as of the date of donation. Books and records should also include computation and entries for annual depreciation expense.

CAUSE:

This was the Organization's initial independent audit and the accounting staff did not appear to be aware of all of the applicable accounting standards.

EFFECT:

The Organization's financial statement required adjustment to fairly state financial position and financial activities.

RECOMMENDATION:

We recommend that the Organization upgrade its financial reporting system to include proper fixed asset accounting procedures.

MANAGEMENT'S RESPONSE:

We will research and obtain the cost information for all fixed assets owned by our Organization. These costs and depreciation will be included in the general ledger and financial statements.

Family Values Resource Institute, Inc.
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2013

FINDING NO. 2013-03: BANK RECONCILIATIONS NOT PROPERLY PERFORMED

CONDITION:

Our examination of the Organization's bank reconciliations noted that one (1) of the bank reconciliations did not balance to the general ledger. The unreconciled difference totaled \$1,800. The reconciliation did not appear to be reviewed by management and therefore the unreconciled difference went unnoticed. Subsequent research identified the difference and the proper adjustments were made to the financial statements.

CRITERIA:

Grant accounting standards require that grantee's bank accounts be reconciled on a timely basis. The reconciliations should be reviewed management to assure completeness and accuracy.

CAUSE:

The bank reconciliation differences were not researched and resolved on a timely basis.

EFFECT:

The financial statement and general ledger cash balance was misstated by \$1,800.

RECOMMENDATION:

We recommend that all bank reconciliation differences be researched and resolved on a timely basis. Management should review the reconciliations to assure completeness and accuracy.

MANAGEMENT'S RESPONSE:

Our procedures have been updated to include bank reconciliations submitted to management for review. Any differences will be researched and resolved as a part of that process.

Family Values Resource Institute, Inc.
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2013

FINDING NO. 13-04: AUDIT REPORT NOT SUBMITTED TIMELY

CONDITION:

The Program's annual independent audit was not engaged, completed and submitted to the Louisiana Legislative Auditor on a timely basis.

CRITERIA:

Louisiana Revised Statute 24:513 requires that Agency's receiving federal, state or local government funding exceeding \$500,000 submit an independent financial and compliance audit within six months of the close of its fiscal year.

CAUSE:

The Program did engage its independent auditor for the year ended December 31, 2013 until June 23, 2014. In addition the Program's general ledger required corrections and adjustments by management to facilitate readiness for audit.

EFFECT:

As a result of the conditions cited above the Program's independent audit was not submitted prior to the six (6) month deadline.

RECOMMENDATION:

We recommend that the Program engage its independent audit on a timely basis and provide oversight to assure the engagement is timely submitted to the Louisiana Legislative Auditor.

MANAGEMENT'S RESPONSE:

Management affirms with recommendation and will engage independent audit on timely basis to ensure timely submission to Louisiana Legislative Auditor.

Family Values Resource Institute, Inc.
Baton Rouge, Louisiana
For The Year Ended December 31, 2013
Summary Schedule of Prior Year Findings

This is the initial independent audit for the Organization. Accordingly there are no prior year findings.